

ORIGINAL

**Before the
Federal Communications Commission
Washington, D.C. 20554**

APR 26 2000

In the Matter of)
)
Application by SBC Communications Inc.,)
Southwestern Bell Telephone Company, and)
Southwestern Bell Communications Services,)
Inc. d/b/a/ Southwestern Bell Long Distance)
for Provision of In-Region, InterLATA)
Services in Texas)

CC Docket No. 00-65

FILE COPY ORIGINAL

**COMMENTS OF ALLEGIANCE TELECOM OF TEXAS, INC. IN OPPOSITION
TO SOUTHWESTERN BELL'S SUPPLEMENTAL
SECTION 271 APPLICATION FOR TEXAS**

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Dated: April 26, 2000

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SUMMARY

SWBT's Supplemental Application is largely devoted to arguing that hot-cut and xDSL provisioning is now adequate. A cursory review of the Supplemental Application, however, demonstrates that SWBT's claims are simply not reliable. For example, approximately *one-quarter* of SWBT's hot cut performance metrics reveal performance below the benchmark levels established by the Texas Public Utility Commission ("PUC") for December 1999 through February 2000.

Moreover, SWBT's conduct – even under the glaring lights of this review process, when one would expect it to be on its "best behavior" – continues to demonstrate why it is known as the "Bully Bell."¹ For example, SWBT has sent termination notices to all CLECs who adopted the Texas 271 Interconnection Agreement ("T2A") approved by the PUC as demonstrating SWBT's compliance with the 14 point Checklist. This inexplicable step undermines the entire basis for SWBT's Application. In a similar vein, SWBT recently unveiled a plan, conceived of without CLEC input, to fundamentally alter its network architecture. This plan, known as Project Pronto, threatens the development of competitive markets in Texas.

Naturally, SWBT's Supplemental Application glosses over its plainly deficient performance statistics and makes no mention of its recent run of anticompetitive conduct. Indeed, SWBT strives at length to explain away the embarrassing statistics by citing one-time programming errors and other bugs in its systems, but these untested and unverified "arguments" prove only one thing: that its Supplemental Application is still not ripe for approval. In the face of its plainly deficient performance, the Act mandates the rejection of SWBT's Supplemental Application.

¹ See Christopher Palmeri, *Bully Bell*, FORBES (April 22, 1996).

In the event the Commission nonetheless decides to grant SWBT's Supplemental Application, the Commission should impose the conditions set forth in Allegiance's Initial January 31, 2000 Comments. These conditions include establishing a federal anti-backsliding mechanism and a fresh-look program for SWBT customers who are currently locked into long-term contracts.²

² The conditions that Allegiance recommends be imposed on SWBT pursuant to *any* section 271 approval are set forth in detail in Allegiance's January 31 Comments. Pursuant to the instructions governing the review of SWBT's Supplemental Application, they will not be repeated here.

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TO SOUTHWESTERN BELL'S SUPPLEMENTAL
SECTION 271 APPLICATION FOR TEXAS**

Allegiance Telecom of Texas, Inc. ("Allegiance"), by its undersigned counsel, hereby submits these Comments in opposition to the Supplemental Application by Southwestern Bell Telephone Company ("SWBT") for authority to provide in-region long distance services in Texas pursuant to Section 271 of the Communications Act of 1934, as amended (the "Act").

INTRODUCTION

In the first phase of this proceeding, Allegiance demonstrated that SWBT's Initial Application could not be approved for at least three separate reasons. First, as SWBT itself conceded, it presented no reliable data to measure hot-cut provisioning of unbundled loops, and thus could not demonstrate compliance with item 4 of the competitive checklist. Second, SWBT's provisioning of xDSL services was inadequate. Its separate affiliate for provisioning advanced services was not yet operational at the time of its January 10, 2000 Application, and the evidence from the Covad/Rhythms arbitration conclusively demonstrated that SWBT was *not* providing CLECs with

“nondiscriminatory access to xDSL loops,” as required by the Act.³ Finally, in the face of these deficiencies, Allegiance argued that granting SWBT’s application was not in the public interest. SWBT’s history of anticompetitive conduct and open hostility to the competitive regime envisioned by the Act suggested that, absent the pressure represented by the section 271 review process, SWBT would not provide competitive local exchange carriers (“CLECs”) the service they need to effectively compete.

Allegiance’s views were echoed by nearly all the other commenters, including the Department of Justice and all the CLECs. Like Allegiance, the DOJ was especially concerned by SWBT’s hot cut and xDSL performance. In the face of the Commission’s impending denial of its application, SWBT submitted supplemental information on April 5, 2000 and asked that the 90-day review period be “restarted.” On April 6, 2000, the Commission granted SWBT’s request, treating SWBT’s supplemental filing as a new application (the “Supplemental Application”), while explicitly incorporating all information filed pursuant to SWBT’s initial January 10, 2000 application into the new docket. For the reasons stated herein, on the basis of current record, SWBT’s application should be denied. Allegiance is committed to providing the Commission a complete, objective and updated record on which to make a decision in this proceeding and will provide the Commission additional information in subsequent stages of this proceeding, as appropriate.

³ See Memorandum Opinion and Order, *Application by New York Telephone Company (d/b/a Bell Atlantic-New York), Bell Atlantic Communications, Inc., NYNEX Long Distance Company, and Bell Atlantic Global Networks, Inc., for Authorization to Provide In-Region, InterLATA Services in New York*, No. FCC 99-404 (Dec. 22, 1999) (“*Bell Atlantic New York Order*”) ¶ 332.

**I. THE TERMINATION NOTICES SWBT HAS SENT CLECs
UNDERMINE ITS “CONCRETE AND SPECIFIC LEGAL
OBLIGATION” TO PROVIDE COMPLIANT SERVICE**

Section 271 requires proof that the applicant BOC “is providing” and has “fully implemented” “each” item of the Competitive Checklist. 47 U.S.C. §§ 271(c)(2)(A), (c)(2)(B), (d)(3)(A)(i). To be “providing” a Checklist item, the BOC must show not only “a concrete and specific legal obligation” to furnish the item pursuant to an interconnection agreement, but “must demonstrate that it is presently ready to furnish each Checklist item *in the quantities that competitors may reasonably demand and at an acceptable level of quality.*”⁴ To have “fully implemented” the Checklist, moreover, the BOC must demonstrate that it has satisfied each of its Checklist obligations at the time of its filing. Mere “paper promises” of future compliance do not suffice. *Id.* ¶¶ 55, 179; *see also* 47 U.S.C. § 160(d) (“the Commission may not forbear from applying the requirements of Section 251(c) or 271 . . . until it determines that those requirements have been fully implemented”).

In a letter dated April 12, 2000, SWBT informed Allegiance that it was exercising its right to terminate the T2A effective October 13, 2000 because the Commission had failed to approve its section 271 Application.⁵ Allegiance understands that identical letters were sent to all CLECs that opted into the T2A, the Model Interconnection Agreement approved by the Texas PUC as demonstrating SWBT’s compliance with the 14 point Checklist. The attachment to the

⁴ *Application of Ameritech Michigan Pursuant to Section 271 to Provide In-Region, InterLATA Services in Michigan*, Memorandum Opinion and Order, 13 FCC Rcd. 20543, ¶ 110 (1997) (“*Ameritech Michigan Order*”).

⁵ Attached hereto as Exhibit 1 is the relevant provision from Allegiance’s Interconnection Agreement with SWBT. Exhibit 2 is SWBT’s termination letter.

letter indicates SWBT's "desire[] to [re]negotiate" virtually every provision in the T2A except the Table of Contents.

These termination letters reflect SWBT's total disregard for its legal obligations under the Act and its view of these proceedings as nothing more than a game. The termination notices are clearly intended to punish CLECs who opposed SWBT's section 271 application. SWBT's action further supports Allegiance's long-held contention that absent the pressure created by the section 271 approval process, SWBT will do everything within its power to stifle competition. What is most surprising, however, is the extent to which SWBT's conduct undermines the essential foundation of its Supplemental Application.⁶

In its endorsement of SWBT's Initial Application, the Texas PUC explained "the three prongs of 'getting to YES'" on SWBT's Application: "(1) a Section 271-compliant interconnection agreement, (2) successful independent testing of the vital Operation Support Systems (OSS), and (3) comprehensive performance data demonstrating that SWBT's wholesale customers receive the same high level of treatment as do SWBT's retail customers."⁷ Each of these "prongs" was the subject of extensive collaborative workshops which "constituted an unprecedented expenditure of the Texas Commission's time and resources." *Id.* at 2. Indeed, the T2A embodies *all* of SWBT's commitments to opening its markets to competition – including the terms and conditions of interconnection, OSS, performance measurements, and performance

⁶ This is not the first time that SWBT has sought to back away from its obligations under the T2A. See Allegiance Feb. 22, 2000 Reply Comments at 6-8.

⁷ Evaluation of the Texas Public Utility Commission ("PUC Evaluation") at 1.

penalties. The PUC has made clear that the T2A is the basis for its endorsement of SWBT's Application.

In seeking to terminate its T2A-based Agreements within three months of the conclusion of the 90 day statutory review period, SWBT has repudiated the "concrete and specific legal obligations" to provide the non-discriminatory service necessary to comply with the Checklist and qualify for Section 271 approval. Absent such a legal obligation, SWBT's Application boils down to legally irrelevant "paper promises." Thus, even if SWBT were providing service in compliance with the requirements of the Act – which as explained below, it is not – the Commission would have no choice but to reject this Application. By terminating the T2A, SWBT has removed any assurances that it will continue to comply with the 14 point competitive Checklist once it gets its section 271 approval. Indeed, because SWBT has given notice of its intent to terminate the T2A, all of SWBT's references to the terms, conditions and obligations that the T2A purportedly imposes upon it are entitled to no weight. The Commission should strike all of SWBT's references to the T2A from the record of this proceeding.

II. SWBT IS NOT IN COMPLIANCE WITH THE FOURTH ITEM OF THE COMPETITIVE CHECKLIST

Section 271(c)(2)(B)(iv) of the Act, item 4 of the competitive Checklist, requires SWBT to provide "[l]ocal loop transmission from the central office to the customer's premises, unbundled from local switching or other services. The Commission has defined the loop as "a transmission facility between a distribution frame, or its equivalent, in an incumbent LEC central

office, and the network interface device at the customer premises.”⁸ In order to establish that it is “providing” unbundled local loops in compliance with section 271(c)(2)(B)(iv), SWBT must demonstrate that it has a concrete and specific legal obligation to furnish loops and that it is currently doing so in the quantities that competitors reasonably demand and at an acceptable level of quality.⁹ SWBT must also demonstrate that it provides nondiscriminatory access to unbundled loops. *Id.* Because the ordering and provisioning of network elements has no retail analogue, the Commission must assess whether SWBT’s performance offers an efficient competitor a meaningful opportunity to compete. *Id.* This analysis requires assessing SWBT’s compliance with the performance metrics established by the relevant state commission.¹⁰ SWBT plainly fails to meet these requirements.

A. Hot Cuts

The criteria for evaluating SWBT’s performance of “hot cuts” are set forth in the Business Rules, which are incorporated by reference into the T2A.¹¹ These performance criteria measure the number of loops unavailable to an end user for specific periods of time, either because a hot cut began prematurely,¹² was delayed beyond a specified interval,¹³ or took longer

⁸ *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996* CC Docket No. 96-98, 11 FCC Rcd 15499, 15691 (1996) (*Local Competition First Report and Order*).

⁹ *Bell Atlantic New York Order*, ¶ 269 (citation omitted).

¹⁰ Unlike in the Bell Atlantic- New York, SWBT did not establish a retail analog for evaluating its provisioning of these crucial services. *See Bell Atlantic New York Order*, ¶279.

¹¹ The currently effective Business Rules (Version 1.6) are contained in Appendix 3 of Attachment 17 (The Performance Remedy Plan) to the T2A.

¹² PM 114 – Percent of Premature Disconnects (Starting 10 Minutes or More Before the Scheduled Time) – Coordinated Cutovers.

than two hours to perform.¹⁴ Measurements are taken for both the Coordinated Hot Cut (“CHC”) and Frame Due Time (“FDT”) processes. The Texas PUC has established the following benchmarks for evaluating SWBT’s performance:

- PM 114 (premature disconnects) – no more than 2 percent of disconnects may occur more than 10 minutes before the scheduled start time.
- PM 115 (SWBT-caused delays) – no more than 8 percent of cutovers may be delayed more than 30 minutes; no more than 2 percent may be delayed more than 1 hour; no more than 1 percent may be delayed more than 2 hours.
- PM 114.1 (cutover interval) – all must be completed within 2 hours.

Measurements below these levels constitute deficient performance for which SWBT must pay penalties. As SWBT’s January 21, 2000 *ex parte* letter explains, SWBT has only been collecting this data on a consistent basis since approximately mid-December 1999. The Supplemental Application presents data through February 2000. This data shows deficient, and worsening performance.¹⁵ For example, the premature disconnect (PM-114) for LNP conversions (with Loop) show that three of the four pertinent measures for January and February 2000 exceed the two percent benchmark. *Id.* at 5. Most alarming, the measures show a dramatic deterioration of service from December through February. *Id.* Indeed, in February 2000, SWBT’s statistics show that 11.2 percent of CHCs were performed prematurely, compared to 0.5 percent in December.

¹³ PM 115 – Percentage of SWBT-Caused Delayed (beyond ½ hour, 1 hour, and 2 hours) Coordinated Cutovers.

¹⁴ PM 114.1 – Loop Disconnect/Cross Connect Interval.

¹⁵ See Supplemental Joint Affidavit of Candy R. Conway and William R. Dysart (“Conway/Dysart Supp. Aff.”), Supplemental Appendix C to SWBT’s Supplemental Application.

SWBT claims that a software error in its Service Order Analysis and Control (SOAC) system disrupted the automated formulation of its technicians' schedules. SWBT claims that this is the *sole* cause of February's dramatically degraded service. SWBT further argues but-for this glitch, the statistics would show compliant service, and that the SOAR software malfunction, which it claims to have corrected, should not be counted against it. *See id.* at 5-6.

SWBT's defense of its deficient performance is both untestable and irrelevant. What the SOAC error proves is that SWBT's systems are not yet ready for prime time. Only after SWBT works out all the kinks in its systems will its section 271 Application be ready for approval. Indeed, numerous other measurements that were not affected by the SOAC error also show deficient service. The following examples are illustrative:

- More than one-third of PM-115 measurements (SWBT-caused delayed cutovers) taken from December-February for LNP with Loop show below bench-mark performance. *Id.* at 5.
- FDT Completion Interval measurements are well below the benchmark of 98 percent completed within 2 hours – 95.3 percent in January, and 92.1 percent in February. *Id.* at 7.

SWBT's presentation of these statistics has an Orwellian quality. For example, SWBT claims that it meets the two hour benchmark for FDT cut-overs 93 percent of the time. *Id.* at 6. This misrepresents the benchmark. In fact, as noted above, SWBT is obligated to perform the process within two hours 99 percent of the time and within one hour 98 percent of the time. The fact that seven percent are performed in excess of two hours is a gross failure to meet the benchmark requirements established by the Texas PUC.

Moreover, Allegiance's data suggests that SWBT underreports missed due dates for pro-

vision of loops because it appears that SWBT excludes from its results situations in which SWBT discovers mid way through the ordering process that it is unable to provide a loop because of inadequacies in its Connecting Facility Assignment ("CFA") process. Allegiance's data shows that SWBT's on-time installations were 76%, 80%, and 84% for January, February, March, 2000, respectively – far lower than SWBT's estimates. It has been Allegiance's experience that oftentimes after SWBT provides a FOC date, it subsequently discovers – sometimes not until the FOC date -- that the loop is already in use. In these circumstances, Allegiance is forced to supplement its order and accept a later installation date. The discrepancy between Allegiance's data and SWBT's data on on-time installations appears to be attributable to SWBT's exclusion of the CFA-related misses from its performance results. Allegiance submits that it is unacceptable to permit SWBT to blame on CLECs the inadequacies of its processes to identify that a loop is in use before providing a FOC date. The Commission should require SWBT to fully explain its practices and reporting in this regard before accepting SWBT's loop install performance data. Allegiance will additionally provide updated data and further evaluations of SWBT's performance in later stages of this proceeding as appropriate.

B. xDSL

SWBT's xDSL provisioning is similarly deficient and blatantly discriminatory. The provisioning statistics speak for themselves, and need not be elaborated on at great length here. SWBT has been below parity for completion intervals one-third of the time over the last three months, and one-half of the time over the last six months.¹⁶ Similarly, SWBT has provided

¹⁶ Supplemental Joint Affidavit of Carol A. Chapman and William R. Dysart at 14. Note that SWBT reports most of these statistics in terms of parity rather than attainment of PUC-approved bench-

higher quality provisioning to itself one-third of the time since September 1999.¹⁷ Other statistics show similar results. *See id.* at 15-16 (firm order confirmations), 17-18 (missed installation appointments).

Finally, SWBT's "separate affiliate" for provisioning of advanced services has still not become "fully operational." There is no data whatsoever tracking this entity's provisioning performance, to the extent it has any. Similarly, SWBT has yet to implement line-sharing. Given this host of deficiencies, it is difficult to see how SWBT's Application can be approved.¹⁸

Of equal, if not greater concern, however, are the blatantly discriminatory practices and procedures that SWBT is putting into place that will restrict CLEC access to the full panoply of xDSL services, and ultimately may serve to completely undermine local telephone competition in Texas. Submitted on February 15, 2000, SBC's proposal – code named "Project Pronto" – is couched as a technological upgrade to its local network.¹⁹ In reality, however, SBC's proposal is

mark levels. SWBT admits that it will not be able to comply with the benchmarks, which it claims are set at unrealistically high levels, for the foreseeable future.

¹⁷ *See id.* at 15. Quality is measured by a composite of PM#65-08 (Trouble Report Rate), PM #67-0 (Mean Time To Restore-Dispatch), and PM #69-08 (Percent Repeat Trouble Reports). *Id.*

¹⁸ SWBT claims that its delays in implementing line-sharing and the advanced services affiliate are *per se* non-discriminatory pursuant to the Conditions imposed in the SBC-Ameritech Merger Order. This claim – for which SWBT not surprisingly cites *no* legal authority – is patently incorrect. The Commission's merger review function, conducted pursuant to its authority to review license transfers and other transactions, has little or nothing to do with the Commission's obligations under section 271. Section 271 requires the Commission to determine whether SWBT is "providing" service to CLECs in accord with the competitive checklist. The SBC/Ameritech Merger Order made no factual findings with respect to SBC's section 271 compliance, and is, therefore, not *res judicata*, nor does it have any preclusive or other legal implication for this proceeding.

¹⁹ *See* Letter from Paul K. Mancini, Vice President & Assistant General Counsel, SBC Communications, Inc., to Lawrence E. Strickling, Chief, Common Carrier Bureau, FCC (Feb. 15, 2000). SBC's February 15 Letter seeks a waiver from several ownership provisions of the SBC-Ameritech Merger Conditions.

a fundamental reconfiguration of its existing physical plant, implementing new technology in such a way as to restrict the network supporting advanced services to a single vendor and limited set of options for competitors.

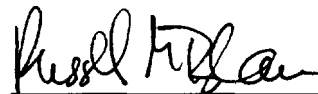
SBC's proposal involves the deployment of as many as 20,000 new fiber-fed digital loop carrier systems in its local loop network. Among other things, this network architecture will permit CLECs to offer only ADSL as opposed to the many other varieties of DSL services that end-users – especially business customers – may desire. Most ominously, Project Pronto may represent the opening salvo in SBC's long-standing threat to develop two distinct networks – one for its own customers, and another inferior network for CLECs.

As Allegiance explained in its initial Opening Comments, the unilateral change to its network architecture represented by Project Pronto is typical of SWBT's business practices. *See* Allegiance January 31 Comments 12-18. Indeed, it represents SWBT's normal and preferred approach to conducting business. Project Pronto constitutes yet another ground for finding that a grant of SWBT's Supplemental Application, absent demonstrated full compliance with all the requirements of section 271, is not in the public interest.

CONCLUSION

For the foregoing reasons, the Commission should deny the SWBT Application, or if approval is granted, impose the conditions set forth in Allegiance's Opening Comments.

Respectfully submitted,



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Dated: April 26, 2000

Interconnection Agreement-TX(T2A)
General Terms and Conditions
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EXHIBIT 1

- 1.5 This Agreement includes and incorporates herein the Attachments listed in Section 61 of this Agreement, and all accompanying Appendices, Addenda and Exhibits.
- 1.6 Unless otherwise provided in the Agreement, SWBT will perform all of its obligations concerning its offering of Resale services and unbundled Network Elements under this Agreement throughout the entire service area where SWBT is the incumbent local exchange carrier; provided, that SWBT's obligations to provide Ancillary Functions or to meet other requirements of the Act covered by this Agreement are not necessarily limited to such service areas.
- 2.0 **Effective Date**
- 2.1 Any CLEC that wants to accept this entire Agreement, shall notify SWBT in writing. Within 5 business days of such notification, SWBT shall present the CLEC with a signed Interconnection Agreement substantively identical to this Agreement. Within 5 business days of receipt of the SWBT signed Interconnection Agreement, the CLEC shall sign the Interconnection Agreement and file it with this Commission. The signed Interconnection Agreement between SWBT and the CLEC shall become effective by operation of law immediately upon filing with the Commission (the "Effective Date").
- 3.0 **This Section Intentionally Left Blank**
- 4.0 **Term of Agreement**
- 4.1 This Agreement will become effective as of the Effective Date stated above, and will expire October 13, 2000, unless the Federal Communications Commission (FCC) approves SWBT's application to provide in-region interLATA service in Texas under 47 U.S.C. § 271 by January 1, 2000, in which event the terms of this Agreement will automatically be extended until October 13, 2003. In the event the FCC approves SWBT's application to provide in-region interLATA service in Texas under 47 U.S.C. § 271 after January 1, 2000, but prior to October 13, 2000, SWBT shall have the option of extending the Agreement until October 13, 2003. In such event, SWBT will provide notice to the Commission and to CLEC, within five business days of FCC approval, of its agreement to extend the Agreement until October 13, 2003. If either party desires to negotiate a successor agreement to this Agreement, such party must provide the other party with a written request to negotiate such successor agreement (Request to Negotiate) not later than 180 days prior to the expiration of this Agreement. A Request to Negotiate does not activate the negotiation timeframe set forth in this Agreement, nor does it shorten the life of this Agreement. The noticing Party will delineate the items desired to be negotiated. Not later than 30 days from receipt of said Notice to Negotiate, the receiving Party will notify the sending Party of additional items desired to be negotiated, if any. The Parties will begin negotiations not later than 135 days prior to expiration of this Agreement. If the FCC approves SWBT's application to provide in-region

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General Terms and Conditions
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interLATA service in Texas after January 1, 2000 and SWBT provides notice of its agreement under this Section to extend the Agreement until October 13, 2003, CLEC may withdraw its Request to Negotiate.

- 4.1.1 This Section Intentionally Left Blank
- 4.1.2 Should CLEC opt to incorporate any provision of another interconnection agreement into this Agreement pursuant to Section 252(i) of the Act, such incorporated provision shall expire on the date it would have expired under the interconnection agreement from which it was taken. Should CLEC opt to incorporate any provision of this Agreement into another interconnection agreement pursuant to Section 252(i) of the Act, the provision from this Agreement shall expire on the date provided in Section 4.1 above and shall not control the expiration date of the provisions of the other interconnection agreement.
- 4.2 If either party has served a Notice to Negotiate pursuant to paragraph 4.1 above then, notwithstanding the expiration of the Agreement in accordance with paragraph 4.1 above, the terms, conditions, and prices of this Agreement will remain in effect for a maximum of 135 days after expiration of the Agreement for completion of said negotiations and any necessary arbitration. The Parties agree to resolve any impasse by submission of the disputed matters to the Texas PUC for arbitration. Should the PUC decline jurisdiction, the Parties will resort to a commercial provider of arbitration services.
- 4.2.1 Pursuant to Sections 18.2 and 18.3, SWBT and CLEC agree not to challenge the lawfulness of any provision of this Agreement. In the event that one of the Parties to this Agreement nonetheless challenges the lawfulness of any provision of this Agreement in a judicial, dispute resolution, or regulatory proceeding, then the other Party, at its option, may terminate this Agreement immediately. In such event, the Parties shall have a period not to exceed 135 days in which to negotiate, and 135 additional days to arbitrate any disputes for, a replacement interconnection agreement. However, should a non-party successfully challenge the lawfulness of any provision of this Agreement, SWBT and CLEC agree that, despite such challenge, the terms and conditions of this Agreement will continue to apply and be effective between SWBT and CLEC. Nothing in this Section 4.2.1 is intended to imply that pursuit of resolution of disputes concerning a Party's clarifications or interpretations of the provisions of this Agreement, as provided in Sections 18.2 and 18.3, is a challenge to the lawfulness of this Agreement.
- 4.3 Upon termination of this Agreement, CLEC's liability will be limited to payment of the amounts due for Network Elements, Combinations, Ancillary Functions and Resale Services provided up to and including the date of termination and thereafter as reasonably requested by CLEC to prevent service interruption, but not to exceed 135 days after the expiration of this agreement to allow for completion of negotiations, and any arbitration for, a successor agreement (such 135 day negotiation/arbitration period being in addition to the pre-expiration negotiation period of a minimum of 135 days, as provided for in

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EXHIBIT 2

April 12, 2000

Robert W. McCausland
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Re: Notice to Negotiate

Dear Allegiance Telecom of Texas, Inc.:

In view of the extended review of SWBT's Texas 271 Application, SWBT has no practical alternative but to send you this Notice to Negotiate a new interconnection agreement. However, as explained more fully below, you have the right to require SWBT to withdraw this Notice in the event the FCC approves SWBT's Texas 271 Application by July 12, 2000.

Pursuant to Section 4.1 of the Texas 271 Agreement (T2A) and your Interconnection Agreement with Southwestern Bell Telephone Company (SWBT) in Texas, if the Federal Communications Commission (FCC) does not approve SWBT's application to provide in-region interLATA service in Texas under 47 U.S.C. §271 by April 20, 2000, your Agreement (or any T2A provisions included in your Agreement) will expire on October 13, 2000. As of the date of this letter, the FCC has not released a decision on SWBT's 271 Application for Texas, but has released an Order, on April 6, 2000, indicating that it will treat SWBT's April 5, 2000 supplemental 271 filing as a new Texas 271 Application, to be considered within the 90-day period following April 5, 2000.

Section 4.1 requires that any party seeking renegotiation of any provision of the Agreement provide notice of intent to negotiate no later than 180 days before the date the Agreement will expire. In view of the extended review of the Texas 271 Application by the FCC, SWBT has no practical alternative but to send you a Notice to Negotiate now in order to satisfy this notice requirement.

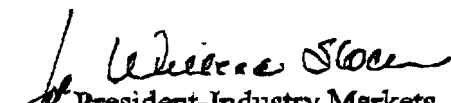
By this letter, SWBT hereby notifies you that SWBT seeks negotiation of a successor Agreement (or of successor provisions) to replace the Interconnection Agreement (or provisions) between your company and SWBT that currently is scheduled to expire on October 13, 2000.

If the FCC issues an order approving SWBT's 271 Application before July 12, 2000, then SWBT will extend your Agreement or the T2A Provisions until October 13, 2003 and, in so doing, will, at your sole option and upon your request, withdraw this Notice to

Negotiate. On the other hand, if you wish to continue to negotiate a successor Agreement, SWBT will continue negotiations.

Attached to this letter is a list of subjects that SWBT intends to renegotiate. Your list of additional items for negotiation, if any, is due within 30 days of your receipt of this Notice to Negotiate. SWBT reserves the right to supplement this list to include items that may be necessary to negotiate in light of any items you add to this list.

Pursuant to Section 4.1 of your Agreement, negotiations between us must begin no later than 135 days before October 13, 2000, or May 31, 2000. On or before that date, SWBT will provide you with a written proposal of successor contract language. If we have not concluded negotiations or any arbitration by the October 13, 2000 deadline, the terms, conditions and prices of the Agreement (or the T2A provisions) will continue in effect until the earlier of either the date the negotiations/arbitration conclude or February 25, 2001, which is 135 days past the October 13, 2000 deadline, pursuant to Section 4.2 of the Agreement and subject to any applicable true-up.


President-Industry Markets

Attachment (List of Subjects for Negotiation)

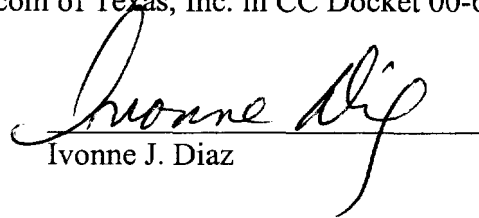
ISSUES SWBT DESIRES TO NEGOTIATE

800/8YY Traffic
Administrative use of Resale of UNEs
AIN
Amendment Language
Arbitrated Issues
AUR Charges
Bill and Keep
Bill Format
Blocking Criteria
Branding
Broadband and UNEs
CARE Notices
Certification
CNAM
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CSA
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DAL
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Inward
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LVAS
Maintenance & Repair
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MFN
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Miscellaneous Resale Issues
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Optional One-Way EAS
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Ordering and Provisioning
OS and DA
OSS
Percent Local Usage
Performance Measurements
PIC Change Charges
Poles, Conduits, ROW
Provisioning Intervals
Rate/Reference
Rates
Remote Access Facility
Repair Scheduling
Reservation of Rights
Simple/Complex Definitions
SMDI
Special Request Process
Stand Alone Multiplexing
STP Access Links
Superior/Lesser Quality Services
Switch Features
Technical Publications
Toll Free Database Queries
Trunk Group Configurations
Trunking Requirements
UNE Combinations
UNE Specifications
Use of CLEC Test Reports
Waller Creek Decision/Dark Fiber
Wireless/Cellular

CERTIFICATE OF SERVICE

I, Ivonne J. Diaz, hereby certify that on April 26, 2000, I caused to be served upon the following individuals the Comments of Allegiance Telecom of Texas, Inc. in CC Docket 00-65:



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